

CONSUMER BUYING BEHAVIOR

Pooja Garg

Pgarg2366@gmail.com

Seema Aggarwal

Seemagarg57111@gmail.com

Abstract : Customer is the axle around which the wheel of market revolves. The same goes for the FMCG sector, as this sector faces most severe competition not only at the regional and national level but also at international level. The survival of the firms in such competitive environment makes it necessary for them to understand customer needs, wants and pattern of their buying behavior. CONSUMER buying behavior is complex because of the availability of numerous alternatives in every sphere of the market and the numerous internal and external factors influencing consumer’s buying decision. The study of these factors would help in the FMCG sector to have better understanding of their customer.

Keywords: Customer behavior, Determinants, Buying behavior, Factors, Influence, Affects, Needs.

1.0 Introduction: Quite Evidentially, Customer is the king pin of the market and customer satisfaction is the most important tool for any business to get an edge over the competitors. To satisfy Customers, it is imperative to study the pattern of consumer needs, preferences, and buying behavior. These are the key elements for measuring performance of an organizations in the form of profitability. Consumer makes buying decision on daily basis and still they are unaware of the factors that affect their buying decision such as consumer’s attitudes, preferences and intentions etc. Mostly, the major determinants of consumer buying behavior comprises Psychological, Economical, Sociological and Personal. Therefore it is rightly said that consumer behavior is multi-disciplinary in nature. This calls for an extensive study of consumer behavior. Hence, this research paper aims to study all the disciplines thoroughly.

2.0 Determinants of consumer behavior: One’s behavior either as an individual or as a customer is being affected by many factors. Some of which may be economic, psychological, sociological and personal which can be further divided into many sub-factors.

2.1 Economic Determinants: Being rational, customer always wants value for money. This makes the economic determinants the most dominant ones among all the other determinants. The sub-factors of Economic determinants are as follows:

2.1.1 Personal Income:

In marketing sense, personal income can also be termed as Disposable Income which means the part of income that is left with the customer for either spending or saving. Any increase or decrease in disposable income bound to have major impact on consumer’s buying decision. A positive change in income will led to rise in customer’s expenditure for more and more luxurious items whereas a downfall in income result in fall in the customer’s spending.

2.1.2(ii) Family Income:

The buying behavior is influenced by family income rather than personal income of an individual. Family Income is the sum total of personal income of all the members of the family.

Family life and Buying Behavior

| Stages | Buying or Behavior Pattern |
|--|---|
| Stage 1.Young, unmarried people living away from home. | Financial burdens minimum, fashion opinion leaders, spend on kitchen equipments, stereo system, basic |

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| | furniture, car, vocations etc. |
| Stage 2. Young, newly married couple, no children | Wife is usually working, Higher purchase rate and highest average purchase of durable, spend on car, refrigerator |
| Stage 3. Married couple having youngest child under six | Spend maximum on home purchases, interested in new products and influenced by advertising, buy video games, baby foods, cough medication, toys etc. |
| Stage 4. Married couple having youngest child over six | Financial position better, some wives return to work, buy bicycle, piano, different games, spend on education and house purchasing. |
| Stage 5. Old married couples with dependent children | Financial position still better, Some children got jobs, hard to influence with advertising, spend on higher education, new and more tasteful furniture, unnecessary appliances, magazines, cars etc. |
| Stage 6. Old married couples, no children living with them, head is still working | Spend on travel, re-creation, home, improvement, health care etc. |
| Stage 7. Old married couples, no children living with them, head retired. | Drastic cut in income, buy medical appliances, medical-care products that aid good health, and sound sleep. |
| Stage 8. Solitary Survivor, in labor force. | Likely to sell home, but income still good. |
| Stage 9. Solitary survivor, retired | Income reduced, spend on health care products |

Source :- Philip Kotler, Marketing Management, Prentice Hall, P. 181

2.1.3 Consumer Credit:

In the situation where personal or family income of customer is not sufficient to meet consumer needs, consumer credit comes to their rescue. Availability of consumer credit makes it easier for the buyer to purchase those consumer durables which he would have deferred due to insufficiency of funds. There are numerous Credit facilities available to the customer in the form of Credit Cards, liberal personal loans and options to purchase goods on EMI basis and many more.

2.1.4 Standard of living of Customers:

As the time passes by, an individual become used to a particular level of living Standard. In Today's Era, Individuals, especially youngsters pay more heed to maintain their standard of living even if they don't have enough money. For this they make huge expenditure on branded items.

3.0 Psychological Determinants:

Psychologists have also given certain determinants which may affect consumer behavior which are internal to consumers like perception, motivation and brand loyalty. Some of these psychological determinants are explained as below:

3.1 Perception:

Perception means the ability to see, hear or become aware of something through the senses. Perception leads to thought and thought leads to action. It is generally assumed, higher the price, better the quality. The Variables other than price are colour, size, shape, contrast and intensity etc. These variables depends upon one' perception which leads to affect consumer behavior.

3.1.2 Motivation:

Motivation is that factor which makes an individual to act in a particular way. Every human being has certain needs, which they aspire to fulfill because these need if remain unsatisfied led to tension, stress, and anxiety. So, whenever a need arises, a person makes an efforts to satisfy it. According to Abraham Maslow, human needs can be classified into five categories:

- (a) Physiological Needs :- Food, Clothing, Water, Air, Sleep etc.
- (b) Safety Needs :- Job Security, Safer Life, Safety to Property.
- (c) Social Needs :- Love & Affection, Exchanging feelings and affections etc.
- (d) Esteem Needs :- Prestige, Self-Confidence, Self Respect, Success & Independence.
- (e) Self-Actualisation Needs :- Desire to achieve success and independence.

The study of these needs helps in determining the consumer's buying behavior. The reason for the same is that, until the first need is satisfied upto a reasonable limit, the second does not arise. In other words, one or two needs may dominate at a time, others may be of secondary importance. In this way, knowing the level of need of a consumer, a firm may provide goods to satisfy that need.

3.1.3 Learning :

Learning is the process of acquiring knowledge. It led to permanent change in the behavior of an individual. It is the act thinking, information processing about a particular product. It has endless advantages in all walks of life. It may led to development of some new interest or abandon the existing ones. Therefore, it becomes an important factor which needs to be focused by the FMCG sector to create further understandings of consumer buying behavior.

3.1.4 Attitude :

Attitude refers to the emotional tendency of the consumer to respond positively or negatively to an object. Attitude of a consumer formed by their experience with the product, information provided by others or through the influence of mass media. The attitude of the consumer is consistent to some extent. The market players need to understand and forecast the consumer attitudes to influence their purchasing decision. Organizations sometimes need to know about ways of changing the buyer's attitude. However, it is easier to create new attitude rather than changing the existing one. For this purpose, Advertising may proved to be the greatest weapon in the hands of the firm.

4.0 Sociological Determinants :

No one can remain in seclusion. Thus, an individual is a social animal and forms group of persons. These group of persons are family, reference group, opinion leaders, social class, Caste & Culture. The study of these groups provides certain hints to why a consumer behaves in a particular manner. Firms find them relevant for understanding consumer buying behavior.

4.1 Family :

Family is that primary group which connects the individual with a wider society. The member of the family play different roles such as initiator, influencer, decider, buyer and user. The marketer is interested to know which member plays what role. The role playing is affected by many factors like family life cycle, nuclear family or joint family and the role playing factor influences the decision – making process involved in purchasing goods.

4.2 Culture :

Culture includes beliefs, values, norms, signs, morals, customs, habits and other forms of behavior that are transmitted from one generation to another. Culture has a great impact on attitude, motives, intentions and brand choices in the purchase decision of a consumer. Not only this, but it also affects market segmentation, product development, branding & packaging etc. Hence, an astute marketer never ignore these cultural values in product, price, promotion and physical distribution.

4.3 Social Class :

Consumer buying behavior is affected to a great extent by the social class to which they belong and social class is determined by the income, ownership, power, lifestyle, education etc. On the basis of these factors, social class can

be classified into three categories : (a) Rich class, (b) Middle class, (c) Poor class. The buying behavior of all the consumers belonging to these classes is different from one another. Consumer belonging to rich class makes huge expenditure on luxury items as compared to consumer belonging to middle class and a poor class consumer prefer to invest his income on necessitated goods. Thus, to get indepth knowledge of the buying behavior of different consumers, it become necessary for the firms to know, to which social class the consumer belongs.

4.4 Personal Determinants :

Spending pattern of consumer are influenced by a number of personal factors. Not all individuals belonging to different age groups, different level of income, different occupations will show similar buying tendencies as they have different personalities. Some of personal determinants of purchasing behavior of consumer are as follows –

4.4.1 Age :

Age and life cycle can influence buying behavior of consumer to a marked extent. To illustrate, teenagers would like to buy bright and loud coloured apparels whereas an elderly and middle age customer would prefer subtle colours. Similarly, a bachelor might prefer spending extravagantly on items like beer, bikes, branded clothes rather than buying a house property, LIC policies, etc. On the contrary, a family man would be more keen to buy something which provides social security to him.

4.4.2 Occupation :

Most of the time, the nature of job of an individual or occupation has a direct impact on the products one chooses for himself. For instance, College goers and students mostly prefer casuals as compared to professionals like CEO of an organization who prefers suit and tie. Another example could be people belonging to artistic fields like DJ's who prefer funky clothes and accessories to match their look with their profession.

4.4.3 Economic Conditions :

The buying of consumer are directly proportional to their monthly or annual income. People in high income bracket would prefer to buy expensive and premium products. On the other hand, ones from middle or lower income group would mostly purchases necessitated goods like grocery items.

4.4.4 Personality :

Buying tendencies are affected by the personality of an individual which include his characteristics, personal traits as it is clearly reflected in his buying behavior. For example, A fitness freak is keen on buying fitness equipments whereas a music lover is more interested in spending on musical instruments like CD's, Guitar, Piano etc.

5.0 Conclusion :

After the exhaustive study of determinants of consumer behavior, it can be said that, consumer behavior has gone more complicated. Therefore, the study of consumer behavior is very important field of study and has evolved as a separate branch in the marketing discipline. In the nutshell, the study of buying behavior is inescapable for the very existence, survival & growth of the firms in all the sectors of the economy.

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